

MD Hemp Industry Primer
The implications of HB1078 and SB788
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Barry F. Pritchard
SunX Analytical, LLC

SunX Analytical (SA) background:

SA is the first legal cannabis company in MD as we were the first registered applicant as an Independent Testing Laboratory for the MMCC. Once we set up the first functioning ITL, we sold our interest and started the first industrial hemp operation in MD. We are the only fully vertical hemp CBD Company in MD providing testing, extraction and formulation services to most of the region's hemp farming operations. We have been instrumental in providing guidance for the PA, DE and MD Departments of Agriculture on regulatory issues and have been the trusted testing partner for the University of Maryland hemp pilot program Principal Investigators. Our operation has been awarded the highest grant amounts for both 2017 and 2020 from the Rural MD Council to support the hemp industry. We have worked tirelessly to maintain a clear delineation between the MMC industry and ours. Our vision has been to guide the industry through its early years of CBD production with the goal of raising public awareness to the overall value of hemp while showing the way for the adoption of it as a potentially valuable rotational crop to be harvested for seed oil and fiber.

Hemp Industry Status:

There has been a steep decline in industry revenues nationally and in MD. There continues to be a serious oversupply of CBD source hemp plant material and a subsequent fall in raw material prices by some 90%. Hemp farming has dwindled in MD: from 250 acres in 2019 to 50 acres at most in 2022. Until the FDA provides guidance, CBD sales, while solid, are flat. Most CBD-only retail shops have closed.

The industry has seen a revival in sales from d8THC infused consumer products. d8 is an intoxicant with about 40% the effectiveness of d9THC. It is very popular, available to the general public and affordable (about 1/3 the cost of d9). The growth in revenue has predominantly been garnered by "CBD" and other retailers, including gas stations. I am unaware of any d8 manufacturers, save for SunX that uses MD hemp as a source material.

Technical Issues:

delta 8 THC is a minor component of hemp flower, about 0.03% with d9 at 0.3%. d8 is consumed as a vaped concentrate, an additive to gummies and tinctures and as infused hemp flower. Due to the cost, little d8 is isolated from hemp flower. The vast majority of d8 is produced by a chemical conversion of CBD using toxic reagents. Herein is the legal conundrum, isolated d8 is certainly covered by the 2018 Farm Bill, while a chemically produced one may not be.

Medicinal value: Like that of medical cannabis.

Health Crisis:

As a minor producer of d8 consumer products, we are keenly aware of the market pressures associated with consumer products manufacturing. We have witnessed d8 prices fall to a point that production quality is further impacted. Our technical analyses of many d8 concentrates have shown little confirmation of the claimed purity. Most of the d8 on the market is being produced in unregulated environments with no oversight.

- There is a crisis; we have yet to determine its affects.

Observations:

The d8 crowd has shown little interest in MD farming as is evidenced by the fact that the overwhelming amount of d8 consumed in MD is manufactured elsewhere. Therefore, the argument that the restriction of d8 will kill the hemp industry MD is disingenuous. The restriction, as written in HB1078, will devastate the retailers with little effect of the farms.

The MMC industry has little interest in d8, save for their concern over competitive products to their monopoly. D8 is available now through the MMCC dispensaries. Sales are minimal. Their goal is likely to eliminate the public's option for a potentially competitive product.

- This is a direct attack on the hemp industry and, if approved, would set the precedent for its control of any future hemp compound that demonstrates commercial viability, even CBD.

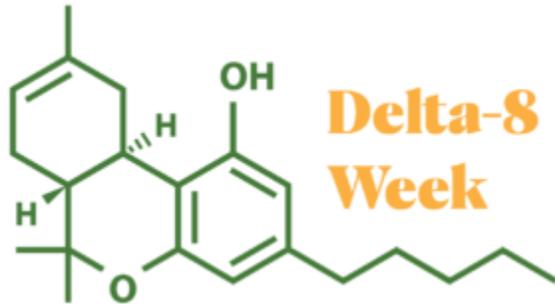
Solutions:

A potential solution to this issue is to empower a non-government organization, such as the MD Hemp Coalition, or the MD Dept of Health to regulate the manufacture of d8 Products. Under these circumstances, the Dept of Ag would oversee the hemp production as defined in the US 2018 Farm Bill, then pass the responsibility of consumer products off to some other regulatory body. These approved products would be subject to the appropriate cGMP practices that company's like SunX currently employ. A regulatory model has been established in Louisiana following a similar model. See below.

As a protected industry in MD, whereby d8 source plant materials were required to be grown by MD hemp farms, our vision could yet be achieved.

For the record, the MD hemp industry has shown great success at self-regulation. With minimal funding, the Dept of Ag has done its level best to provide guidance through an ever changing and wildly conflicting set of State and Federal rules. SunX has played a key role by providing affordable, timely and reliable regulatory results and advise to MD's hemp industry. Our sense is, if afforded the opportunity, the hemp community would devise and institute a functional program to ensure the delivery of safe and well-characterized hemp derived products for the citizens of Maryland.

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Editor's note: This week Hemp Industry Daily is highlighting stories and analysis on the delta-8 THC phenomenon. Today, a look at Louisiana's unique approach to the isomer. Read more in the special D-8 February issue of [MJBizMagazine](#).

While many states responded to the delta-8 THC phenomenon by banning the cannabinoid, other markets sought to tame it by regulating D-8 products, mandating testing and enforcing other compliance standards.

In Louisiana, regulators and stakeholders hope this approach will reduce safety hazards and clear up confusion over which cannabinoid products can and can't be sold in the state.

'Consumable' hemp regulations

The updated law, which went into effect in August, changes "industrial hemp" to "consumable hemp," defined as "any product derived from industrial hemp that contains any cannabinoids and is intended for consumption or topical use."

In response, the Louisiana Department of Health opened applications in August for licenses to make foods containing cannabinoids such as CBD and delta-8 THC.

"We considered it a huge step forward for cannabis in Louisiana," said David Reich, chief marketing officer for Crescent Canna, a New Orleans-based maker of CBD and D-8 products. "Prior to the law going into effect, Louisiana had a framework in place only for registering hemp-derived CBD products. Other cannabinoids were prohibited."

Competitor or compliment?

While consumers are still learning the difference between D8 and D9, Louisiana's licensed medical marijuana businesses don't necessarily see delta-8 THC as competition.

"I do not think that delta-8 and other artificial cannabinoids are having a real impact on the legal cannabis market. The biggest concern, nationwide, is the illicit natural cannabis market. The main appeal for artificial cannabinoids like delta-8 are for people who don't have access to either the legal or illicit

market, and that is a very small demographic, so it does not pose a threat,” said Chanda Macias, CEO of Ilera Holistic?Healthcare, one of Louisiana’s two licensed medical marijuana producers.

Macias doesn’t believe the new delta-8 law will take cannabis patients away from the state’s medical market.

“In Louisiana, the legal cannabis market is just getting started. Our main challenge is expanding awareness and thereby expanding the patient market,” she said. “As much as we are educating Louisianans about the benefits of cannabis, there’s an even greater lack of awareness around delta-8—even if it may technically be more readily available.”

Macias welcomed the safety testing mandated by the new cannabis law.

“Any legal, artificial or synthetic cannabinoids should be tested to the same standard that natural cannabinoids are,” she said.

Omar Sacirbey can be reached at omars@mbizdaily.com.